

| Agency Proposed Budget | | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 1998 | PL Base Adjustment Fiscal 2000 | New Proposals Fiscal 2000 | Total Leg. Budget Fiscal 2000 | PL Base Adjustment Fiscal 2001 | New Proposals Fiscal 2001 | Total Leg. Budget Fiscal 2001 | Total Leg. Budget Fiscal 00-01 |
| FTE | 542.01 | 6.85 | 4.64 | 553.50 | 6.85 | 4.64 | 553.50 | 553.50 |
| Personal Services | 18,062,572 | 585,439 | 1,809,719 | 20,457,730 | 651,065 | 1,632,716 | 20,346,353 | 40,804,083 |
| Operating Expenses | 8,420,176 | 406,738 | 1,545,094 | 10,372,008 | 607,790 | 394,858 | 9,422,824 | 19,794,832 |
| Equipment | 164,915 | 0 | 372,500 | 537,415 | 19,499 | 2,340 | 186,754 | 724,169 |
| Capital Outlay | 107,915 | 0 | 0 | 107,915 | 0 | 0 | 107,915 | 215,830 |
| Grants | 12,312,286 | 352,342 | 3,860,190 | 16,524,818 | 392,313 | 3,860,190 | 16,564,789 | 33,089,607 |
| Benefits & Claims | 326,640 | 200,000 | 0 | 526,640 | 200,000 | 0 | 526,640 | 1,053,280 |
| Debt Service | 8,849 | 434,383 | 0 | 443,232 | 431,805 | 0 | 440,654 | 883,886 |
| Total Costs | \$39,403,353 | \$1,978,902 | \$7,587,503 | \$48,969,758 | \$2,302,472 | \$5,890,104 | \$47,595,929 | \$96,565,687 |
| General Fund | 1,096,469 | 647,680 | 204,300 | 1,948,449 | 644,743 | 204,300 | 1,945,512 | 3,893,961 |
| State/Other Special | 10,770,618 | 895,643 | 2,648,579 | 14,314,840 | 1,014,097 | 2,650,491 | 14,435,206 | 28,750,046 |
| Federal Special | 26,752,692 | (68,385) | 5,541,267 | 32,225,574 | 145,044 | 3,839,365 | 30,737,101 | 62,962,675 |
| Capital Projects | 0 | 434,383 | 0 | 434,383 | 431,805 | 0 | 431,805 | 866,188 |
| Proprietary | 783,574 | 69,581 | (806,643) | 46,512 | 66,783 | (804,052) | 46,305 | 92,817 |
| Total Funds | \$39,403,353 | \$1,978,902 | \$7,587,503 | \$48,969,758 | \$2,302,472 | \$5,890,104 | \$47,595,929 | \$96,565,687 |

Agency Description

The Department of Labor and Industry: 1) oversees and regulates the Montana Workers' Compensation system; 2) enforces state and federal labor standards, anti-discrimination laws, and state and federal safety-occupational health laws; 3) provides adjudicative services in labor-management disputes; and 4) collects and disburses state unemployment trust funds.

The department: 1) serves as an employment agency, provides job training to assist individuals in preparing for and finding jobs; 2) assists employers in finding workers; 3) oversees federal and state training and apprenticeship programs; 4) conducts research; and 5) collects employment statistics. The department, through Montana Community Services, administers the federal AmeriCorp, Campus Corps, and Volunteer Montana programs.

Structurally, the department is divided into six divisions: Job Service Division, Unemployment Insurance Division, Legal/Centralized Services Division, Employment Relations Division (including Human Rights Commission), Montana Community Services, and Workers' Compensation Court (administratively attached).

Summary of Legislative Action

The legislature approved an increase for the 2001 biennium of \$17.8 million over the base budget. A major portion of the increase was \$8.9 million for grants and benefits composed of: 1) federal funds for the Welfare to Work program, the One-Stop Workforce Center System, and AmeriCorps America Reads; and 2) general fund for the Jobs for Montana Graduate program.

The legislature dealt with two shortfalls in accounts that funded several functions in the department – the Employment Security Account (ESA) and the workers compensation assessment fund. These funding sources were projected to be at levels that could not sustain current operations in the 2001 biennium.

Revenues in the ESA are derived from the unemployment insurance administrative fund tax, which is a 0.1 percent tax on all wages subject to the unemployment tax for employers with experience ratings and a 0.05 percent tax on total wages for employers without experience ratings. The ESA currently provides funding for the Job Service Division, the Employment Relations Division, the Unemployment Insurance Division, and the Legal and Centralized Services Division. A \$1.0 million shortfall was projected in the 2001 biennium. The department's request for replacing these funds with general fund was denied. However, the legislature passed HB 282, which reallocated tax rates and revenue collected to fund the Employment Security Account (See HB 282 in the "Other Legislation" section). HB 282 raised the 0.1 percent tax to 0.13 percent. The legislature also gave the department flexibility to allocate the funds among programs currently receiving the funds.

The workers compensation assessment is derived from an assessment paid by private insurers, self-insured employers, and the State Fund. The assessment provides funds for the Job Service Division, the Legal and Centralized Services Division, the Employment Relations Division, and the Workers' Compensation Court. A \$1.6 million shortfall was projected in the 2001 biennium. The department reduced its budget request by applying vacancy savings to the functions currently funded from this account. The legislature also provided flexibility to the department to reallocate the reductions among programs, except that the workers compensation court could not be reduced. SB 117, which was approved by the 1999 legislature, raises the 2.6 percent assessment fee to 3 percent on plan 1 employers, plan 2 insurers, and plan 3 - the State Fund. In HB 2, the legislature appropriated state special revenue generated from SB 117 to each affected division equal to the amount of vacancy savings taken.

Other Legislation

House Bill 179 – HB 179 allows the withholding of unemployment benefits from delinquent taxpayers for the payment of federal tax obligations. The department estimated a minimal positive impact on the Unemployment Insurance trust fund.

House Bill 282 – HB 282 reallocates tax rates and revenue collected from employers to fund the employment security account. The employment security account receives revenues from the unemployment insurance administrative fund tax. Because revenues have not kept pace with expenditures, the account was projected to have a \$1.0 million deficit in the 2001 biennium. This act increases the tax rate from 0.1 percent to 0.13 percent. The legislature appropriated \$1.0 million state special revenue for the 2001 biennium in HB 2 along with language allowing the agency to distribute the increase throughout the programs as necessary.

House Bill 395 – HB 395 revises eligibility for unemployment insurance benefits for part-time workers. Hours of work and earnings from certain kinds of work are now non-reportable, so claimants working in those categories would be eligible for their maximum weekly benefit amount without reduction. More claimants will be able to draw full benefits or increased amounts of partial benefits, which will have a negative impact on the trust funds.

House Bill 592 – HB 592 revises the processes for resolving employment-related disputes. In particular, the act transfers from the Department of Labor to the Workers' Compensation Court compensation and benefit issues rising under the Occupational Disease Act, the Workers' Compensation Act, and the application of independent contractor status. Workload changes affected by this bill will allow the Hearings Bureau to eliminate 3.0 FTE hearings officer positions in fiscal year 2000 and 1.0 FTE additional hearings officer in fiscal year 2001, but 1.5 new FTE for each year will be required by the Employment Relations Division as a result of the shift of jurisdiction for workers' compensation cases.

Senate Bill 21 – SB 21 transferred the responsibilities under the Occupational Health Act from the Department of Environmental Quality to the Department of Labor and Industry. The legislature approved the transfer of 1.0 FTE and \$98,840 general fund for the biennium in a present law adjustment for the Department of Labor and Industry. The 1.0 FTE and general fund were not removed from the base of the Department of Environmental Quality.

Senate Bill 117 – SB 117 revises certain laws within the Workers' Compensation Act and raises the 2.6 percent assessment fee to 3 percent on plan 1 employers, plan 2 insurers, and plan 3 - the State Fund. Prior to passage of SB 117, a projected shortfall of \$1.6 million for the 2001 biennium was projected for the workers' compensation assessment fund. The department proposed offsetting the shortfall by applying vacancy savings to the divisions currently funded from the account. With passage of this act, the legislature appropriated \$1.6 million state special revenue in HB 2.

| Agency Budget Comparison | | | | | | | | |
|--------------------------|-------------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Base Budget Fiscal 1998 | Executive Budget Fiscal 2000 | Legislative Budget Fiscal 2000 | Leg – Exec. Difference Fiscal 2000 | Executive Budget Fiscal 2001 | Legislative Budget Fiscal 2001 | Leg – Exec. Difference Fiscal 2001 | Biennium Difference Fiscal 00-01 |
| FTE | 542.01 | 554.86 | 553.50 | | 554.86 | 553.50 | | |
| Personal Services | 18,062,572 | 18,602,741 | 20,457,730 | 1,854,989 | 18,640,126 | 20,346,353 | 1,706,227 | 3,561,216 |
| Operating Expenses | 8,420,176 | 10,137,725 | 10,372,008 | 234,283 | 10,180,141 | 9,422,824 | (757,317) | (523,034) |
| Equipment | 164,915 | 170,415 | 537,415 | 367,000 | 186,754 | 186,754 | 0 | 367,000 |
| Capital Outlay | 107,915 | 107,915 | 107,915 | 0 | 107,915 | 107,915 | 0 | 0 |
| Grants | 12,312,286 | 16,549,818 | 16,524,818 | (25,000) | 16,589,789 | 16,564,789 | (25,000) | (50,000) |
| Benefits & Claims | 326,640 | 526,640 | 526,640 | 0 | 526,640 | 526,640 | 0 | 0 |
| Debt Service | 8,849 | 443,227 | 443,232 | 5 | 440,649 | 440,654 | 5 | 10 |
| Total Costs | \$39,403,353 | \$46,538,481 | \$48,969,758 | \$2,431,277 | \$46,672,014 | \$47,595,929 | \$923,915 | \$3,355,192 |
| General Fund | 1,096,469 | 2,431,708 | 1,948,449 | (483,259) | 2,528,862 | 1,945,512 | (583,350) | (1,066,609) |
| State/Other Special | 10,770,618 | 12,360,453 | 14,314,840 | 1,954,387 | 12,215,179 | 14,435,206 | 2,220,027 | 4,174,414 |
| Federal Special | 26,752,692 | 31,268,117 | 32,225,574 | 957,457 | 31,452,816 | 30,737,101 | (715,715) | 241,742 |
| Capital Projects | 0 | 434,383 | 434,383 | 0 | 431,805 | 431,805 | 0 | 0 |
| Proprietary | 783,574 | 43,820 | 46,512 | 2,692 | 43,352 | 46,305 | 2,953 | 5,645 |
| Total Funds | \$39,403,353 | \$46,538,481 | \$48,969,758 | \$2,431,277 | \$46,672,014 | \$47,595,929 | \$923,915 | \$3,355,192 |

Executive Budget Comparison

The legislature approved a decrease in general fund of \$1.1 million and a \$3.4 million increase in total funds from the Executive Budget for the biennium. The decrease in general fund is primarily due to the legislature not funding a \$1.0 million shortfall in the Employment Security Account (ESA) with general fund as requested by the executive. To address the shortfall, the legislature passed HB 282 which reallocates tax rates and revenue collected from employers to fund the employment security account. Other significant changes from the Executive Budget are shown in Table 1 and discussed below.

Several divisions were affected by SB 117, passed by the 1999 legislature, which increases the workers' compensation assessment rate. The increase in state special revenue from SB 117 is distributed throughout the affected divisions (Job Service, Legal and Central Services, and Employment Relations) to offset the vacancy savings that was taken to address the projected shortfall in the workers' compensation fund.

In the Job Service Division, no action was taken on the proposal to eliminate the Job Registry program since the program will not sunset in the 2001 biennium. This results in an increase in general fund of \$58,448 over the Executive Budget.

The legislature approved a new proposal in the Legal and Centralized Services Division that was not included in the Executive Budget. The proposal includes \$14,100 unemployment insurance funds for the biennium for per diem for the Board of Labor Appeals. A proposal to replace federal funding with general fund for the Human Rights Bureau was not approved, resulting in a reduction of \$32,376 general fund from the executive for the biennium.

General fund in the Employment Relations Division was reduced over \$1.0 million for the biennium and state special revenue increased approximately \$3.7 million. As stated above, \$1.0 million of the general fund reduction and state special revenue increase was realized by not subsidizing the ESA with general fund and by passage of HB 282, which increased the allocation to the Employment Security Account. Other reductions in general fund include: 1) the department withdrawing a proposal that included \$35,771 general fund; and 2) savings of \$34,910 for the biennium as general fund was not appropriated to fully replace lost federal funds for the Human Rights Bureau.

Other increases in state special revenue resulted from: 1) moving the appropriation for the Contractor Registration program from a language appropriation to HB 2, resulting in a \$322,610 increase in state special revenue for the biennium; and 2) passage of SB 117, which, as stated above, increased state special revenue by \$1.4 million.

The legislature did not approve general fund increases of \$38,000 for the biennium in Montana Community Services.

The legislature did not approve vacancy savings of \$257,876 included in the Workers' Compensation Court budget to address the projected workers' compensation fund shortfall, but reallocated this amount to the Employment Relations Division. The legislature approved \$33,500 in one-time-only workers' compensation funds for vacation and sick leave payout in the event the judge is not reappointed and/or the hearings examiner retires.

| TABLE 1 LEGISLATIVE ACTION - DIFFERENCES FROM EXECUTIVE BUDGET DEPARTMENT OF LABOR AND INDUSTRY | | | | |
|---|---------------------|----------------------|---------------------|----------------------|
| Division/Item | Fiscal 2000 | | Fiscal 2001 | |
| | General Fund | Total Funds | General Fund | Total Funds |
| BEGINNING EXECUTIVE BUDGET | \$ 2,431,708 | \$ 46,538,481 | \$ 2,528,862 | \$ 46,672,014 |
| Job Service Division | | | | |
| PL107-Eliminate Job Registry | \$ 29,293 | \$ 29,293 | \$ 29,155 | \$ 29,155 |
| NP104-One Stop Workforce Center | 0 | 922,950 | 0 | (764,048) |
| NP106-SB 117 Workers' Comp. Assess. | 0 | 18,268 | 0 | 16,319 |
| NP30-ISD Rate Reduction | 0 | (20,374) | 0 | (21,376) |
| SUBTOTAL | \$ 29,293 | \$ 950,137 | \$ 29,155 | \$ (739,950) |
| Unemployment Insurance Division | | | | |
| NP30-ISD Rate Reduction | \$ - | \$ (8,795) | | \$ (8,837) |
| SUBTOTAL | \$ - | \$ (8,795) | \$ - | \$ (8,837) |
| Commissioner's Office & Legal/Centralized Serv. | | | | |
| PL307-Per Diem for BOLA - new | \$ - | \$ 7,050 | \$ - | \$ 7,050 |
| NP302-Human Rights Fed Fund Replacement | (16,188) | 0 | (16,188) | 0 |
| NP305-SB 117 Workers' Comp. Assessment | 0 | 111,582 | 0 | 99,674 |
| SUBTOTAL | \$ (16,188) | \$ 118,632 | \$ (16,188) | \$ 106,724 |
| Employment Relations Division | | | | |
| PL403-Leased Space (withdrawn by Dept.) | \$ (21,655) | \$ (154,201) | \$ (14,116) | \$ (100,519) |
| PL406-Per Diem Fund Change | 6,000 | 0 | 6,000 | 0 |
| PL407-Contracted Services Prgm (withdrawn) | 0 | (96,000) | 0 | 0 |
| PL409-ESA Shortage | (446,000) | 0 | (554,000) | 0 |
| PL410-WC Funding Shortfall | 0 | 136,245 | 0 | 215,105 |
| NP401-Human Rights Fed Fund Replacement | (80,009) | 0 | (79,501) | 0 |
| NP406-Human Rights Workload Shift | 62,300 | 0 | 62,300 | 0 |
| NP407-Contractors Regis | 0 | 161,517 | 0 | 160,769 |
| NP408-HB 69 De-earmarking State Special Rev. | 2,000 | 0 | 2,000 | 0 |
| NP409-HB 282 Reallocation to ESA | 0 | 404,000 | 0 | 596,000 |
| NP 410-SB 117 Worker's Comp. Assess | 0 | 783,517 | 0 | 606,500 |
| NP30-ISD Rate Reduction | 0 | (4,680) | 0 | (4,680) |
| Adj. To Base | 0 | 162 | 0 | 162 |
| SUBTOTAL | \$ (477,364) | \$ 1,230,560 | \$ (577,317) | \$ 1,473,337 |
| Montana Community Services | | | | |
| PL702-Additional General Fund | \$ (25,000) | \$ (25,000) | \$ (25,000) | \$ (25,000) |
| PL704-Decrease Personal Services | 6,000 | 6,000 | 6,000 | 6,000 |
| NP30-ISD Rate Reduction | 0 | (168) | 0 | (169) |
| SUBTOTAL | \$ (19,000) | \$ (19,168) | \$ (19,000) | \$ (19,169) |
| Workers' Compensation Court | | | | |
| PL901-WCC Increased Caseload | \$ - | \$ (9,551) | \$ - | \$ (9,616) |
| PL902-WC Funding Shortfall-no action | 0 | 136,206 | 0 | 121,670 |
| NP901-One-Time Payout | 0 | 33,500 | 0 | 0 |
| NP30-ISD Rate Reduction | 0 | (244) | 0 | (244) |
| SUBTOTAL | \$ - | \$ 159,911 | \$ - | \$ 111,810 |
| APPROPR. LEVEL AFTER LEGIS. ACTION | <u>\$ 1,948,449</u> | <u>\$ 48,969,758</u> | <u>\$ 1,945,512</u> | <u>\$ 47,595,929</u> |
| Total Difference from Executive | \$ (483,259) | \$ 2,431,277 | \$ (583,350) | \$ 923,915 |
| Biennial Difference from Executive | | | \$ (1,066,609) | \$ 3,355,192 |

Language

"All anticipated revenue from the workers' compensation assessment of 2.6% is included in items 1, 3, 4, and 6 [Job Service Division, Legal/Centralized Services Division, Employment Relations Division, and Workers' Compensation Court]. If the 2.6% cap on the workers' compensation assessment is not removed, the department may redistribute the workers' compensation regulation revenue among all divisions to allocate corresponding personal services reductions, except that the Workers' Compensation Court appropriation may not be changed."

"Items 1 through 4 [Job Service Division, Unemployment Insurance Division, Legal/Centralized Services Division, and Employment Relations Division] include employment security account funds. Item 4 [Employment Relations Division] is contingent upon passage and approval of HB 282. HB 282 increases the amount allocated to the Employment Security Account by \$404,000 in fiscal year 2000 and \$596,000 in fiscal year 2001. The increase has been added to item 4 [Employment Relations Division]. However, the agency may distribute the increase throughout the programs as necessary."

"The appropriations in the Job Service Division, Centralized Services Division, and Employment Relations Division include anticipated available funds from the employment security account. As such, the legislature has considered replacing and has specifically chosen not to replace, any reduced employment security funds with general fund money. It is therefore the legislature's intent that the programs affected reduce operations to the level required to operate within the appropriation and that the department not seek a supplemental appropriation from the next legislature except in the case of an unexpected or unanticipated emergency."

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 1998 | PL Base Adjustment Fiscal 2000 | New Proposals Fiscal 2000 | Total Leg. Budget Fiscal 2000 | PL Base Adjustment Fiscal 2001 | New Proposals Fiscal 2001 | Total Leg. Budget Fiscal 2001 | Total Leg. Budget Fiscal 00-01 |
| FTE | 297.35 | 2.00 | .00 | 299.35 | 2.00 | .00 | 299.35 | 299.35 |
| Personal Services | 9,769,775 | 702,604 | 379,381 | 10,851,760 | 657,523 | 200,258 | 10,627,556 | 21,479,316 |
| Operating Expenses | 4,253,270 | 434,095 | 1,446,808 | 6,134,173 | 623,945 | 292,202 | 5,169,417 | 11,303,590 |
| Equipment | 74,879 | 0 | 372,500 | 447,379 | 19,499 | 2,340 | 96,718 | 544,097 |
| Capital Outlay | 107,915 | 0 | 0 | 107,915 | 0 | 0 | 107,915 | 215,830 |
| Grants | 10,992,967 | 216,982 | 3,598,945 | 14,808,894 | 216,982 | 3,598,945 | 14,808,894 | 29,617,788 |
| Benefits & Claims | 1,000 | 0 | 0 | 1,000 | 0 | 0 | 1,000 | 2,000 |
| Debt Service | 3,358 | 0 | 0 | 3,358 | 0 | 0 | 3,358 | 6,716 |
| Total Costs | \$25,203,164 | \$1,353,681 | \$5,797,634 | \$32,354,479 | \$1,517,949 | \$4,093,745 | \$30,814,858 | \$63,169,337 |
| General Fund | 396,891 | 335,706 | 140,000 | 872,597 | 334,597 | 140,000 | 871,488 | 1,744,085 |
| State/Other Special | 5,421,903 | 1,256,898 | 354,645 | 7,033,446 | 1,237,096 | 352,696 | 7,011,695 | 14,045,141 |
| Federal Special | 19,366,536 | (229,244) | 5,302,989 | 24,440,281 | (43,963) | 3,601,049 | 22,923,622 | 47,363,903 |
| Proprietary | 17,834 | (9,679) | 0 | 8,155 | (9,781) | 0 | 8,053 | 16,208 |
| Total Funds | \$25,203,164 | \$1,353,681 | \$5,797,634 | \$32,354,479 | \$1,517,949 | \$4,093,745 | \$30,814,858 | \$63,169,337 |

Program Description

The Job Service Division (JSD) operates through five bureaus. The Field Operations Bureau functions through a network of 23 Job Service Centers. The division is a gateway to government services in the area of employment and training services. JSD performs services that include retraining and reemployment services for laid-off workers and employment and training services for people transitioning from welfare to work, as well as for youth, veterans, seasonal/migrant farm workers, and general job seekers. Other bureaus include Electronic Labor Exchange, Workforce Development, Program Management, and Research and Analysis.

Funding

Job Service Division operations are funded with general fund, state special revenue, federal funds, and proprietary funds from rent recharges and special projects. In the 2001 biennium, state special revenues primarily include Employment Security Act (ESA) funds and nonprofit Montana Job Training Partnership (MJTP) funds. The MJTP funds are a portion of Job Training and Partnership Act (JTPA) funds which are awarded to MJTP per federal requirements and then contracted back to the Job Service Division. Smaller sources of state special revenue include workers' compensation regulation funds, Jobs for Montana's Graduates funds, and Department of Labor and Industry Information Exchange funds.

JTPA programs are federally funded, primarily from Wagner Peyser/Employment Security grants, the Unemployment grant, and the Trade Adjustment Act. Smaller federal funding sources are Employment Training, Veteran support, and funding for economic research and analysis. Welfare to Work is 100 percent federally funded, but requires a \$1 soft match for every \$2 received. General fund supports Jobs for Montana Graduates, the Apprenticeship Program, Displaced Homemaker activities, and the job registry.

| Present Law Adjustments | | Fiscal 2000 | Fiscal 2000 | Fiscal 2000 | Fiscal 2001 | Fiscal 2001 | Fiscal 2001 |
|-------------------------------|-------------------------------------|-------------|--------------|-------------|-------------|--------------|-------------|
| Present Law Description | | FTE | General Fund | Total Funds | FTE | General Fund | Total Funds |
| Statewide Present Law | | | | | | | |
| Personal Services | | | | 546,475 | | | 500,637 |
| Inflation/Deflation | | | | (43,111) | | | (39,536) |
| Fixed Costs | | | | 218,686 | | | 244,845 |
| Total Statewide Adjustments | | | | \$722,050 | | | \$705,946 |
| Present Law Adjustments | | | | | | | |
| 30 | Rate Reduction | .00 | 0 | (20,374) | .00 | 0 | (21,376) |
| 101 | Research & Analysis Increased Workl | 2.00 | 0 | 88,679 | 2.00 | 0 | 88,209 |
| 102 | State Displaced Homemaker Grants | .00 | 16,982 | 16,982 | .00 | 16,982 | 16,982 |
| 103 | R&A Program Wkld Increas/FTE Shifts | .00 | 0 | 214,979 | .00 | 0 | 388,308 |
| 105 | Leased Vehicles/Network Devices | .00 | 0 | 67,641 | .00 | 0 | 74,445 |
| 106 | State Workforce Investment Council | .00 | 0 | 2,500 | .00 | 0 | 2,500 |
| 110 | WC Funding Shortfall - Vacancy Svgs | .00 | 0 | (18,268) | .00 | 0 | (16,319) |
| 111 | JMG Funding-1.00 FTE/Grant Continua | .00 | 279,492 | 279,492 | .00 | 279,254 | 279,254 |
| Total PL Adjustments | | 2.00 | \$296,474 | \$631,631 | 2.00 | \$296,236 | \$812,003 |
| Present Law Adjustments Total | | | | \$1,353,681 | | | \$1,517,949 |

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 30 - Rate Reduction - The legislature reduced rental rates and ISD data network service rates.

DP 101 - Research & Analysis Increased Workload - The legislature approved \$176,888 federal funds for the biennium for 2.0 FTE to replace modified FTE. One position is a technical writer that supports the America's Labor Market Information System (ALMIS), which has been operational since 1995. The other position works on a state's wage survey conducted by the federal Bureau of Labor Statistics.

DP 102 - State Displaced Homemaker Grants - The legislature approved \$33,964 general fund for the biennium for State Displaced Homemaker program costs. The annual program costs in the base total \$218,652.

DP 103 - R&A Program Workload Increase/FTE Shifts - The legislature approved \$603,287 federal funds for the biennium for increased program costs. The legislature did not approve adding 2.0 FTE that were included in this request, but approved the funding of \$137,252 personal service costs (funding includes \$32,385 ESA funds and \$21,786 Workers' Compensation), staff travel to conferences and training, \$101,187 for minor equipment and software purchases, and other increased program costs for research and analysis programs. Workload increases are the result of the federal Workforce Investment Act of 1998 that is effective July 1, 1999. In addition, the division is assuming unemployment insurance research activities.

DP 105 - Leased Vehicles/Network Devices - The legislature approved \$142,086 for the biennium to replace three department-owned vehicles with motor pool leased vehicles at a cost of \$38,766 for new leases offset by \$11,700 savings in gasoline and maintenance for existing vehicles. The other portion of this present law adjustment is \$115,020 for new network devices for self-service job resource centers. Increases will be funded from the ESA account.

DP 106 - State Workforce Investment Council - State Workforce Investment council holds five meetings annually. The legislature approved \$5,000 for the biennium for Council members' travel based on actual expenditures in fiscal 1998.

DP 110 – Workers’ Compensation Funding Shortfall - Vacancy Savings - Job Service Division's allocated share of vacancy savings to offset the shortfall in funding for worker's compensation fund is a reduction of \$34,587 in personal services. New proposal 106 offsets this reduction (for more information, see “Summary of Legislative Action”).

DP 111 - JMG Funding-1.00 FTE/Grant Continuation - Since 1990, Jobs for Montana Graduates (JMG) has worked with high schools to implement a school-to-career program for at-risk youth. Currently, 17 Montana schools offer a high school course based on the JMG model. Annual program expenditures primarily include administrative costs plus expenses for teacher and job specialist training and two statewide conferences. The legislature approved \$558,746 general fund for the biennium, with no new FTE. A one-time appropriation was approved so the legislature could evaluate the program’s impact on graduation rates.

| New Proposals | | Fiscal 2000 | Fiscal 2000 | Fiscal 2000 | Fiscal 2001 | Fiscal 2001 | Fiscal 2001 |
|---------------------|------------------------------------|-------------|--------------|-------------|-------------|--------------|-------------|
| Description | | FTE | General Fund | Total Funds | FTE | General Fund | Total Funds |
| 101 | Welfare to Work Federal Funds | .00 | 0 | 3,458,945 | .00 | 0 | 3,458,945 |
| 102 | R & A Leased Vehicle Request | .00 | 0 | 0 | .00 | 0 | 0 |
| 103 | Funding for Apprenticeship Program | .00 | 140,000 | 140,000 | .00 | 140,000 | 140,000 |
| 104 | One-Stop Workforce Center System | .00 | 0 | 2,180,421 | .00 | 0 | 478,481 |
| 106 | SB 117 - Workers' Comp. Assess. | .00 | 0 | 18,268 | .00 | 0 | 16,319 |
| Total New Proposals | | .00 | \$140,000 | \$5,797,634 | .00 | \$140,000 | \$4,093,745 |

New Proposals

DP 101 - Welfare to Work Federal Funds - The legislature approved federal spending authority of \$6,917,890 for the biennium for the Welfare to Work grant that was established in the Balanced Budget Act of 1997. The grant is intended to be coordinated with the Temporary Assistance for Needy Families (TANF) program (Montana's FAIM program). Welfare-to-Work is intended to provide transitional assistance to hard-to-employ welfare recipients living in high poverty areas. State allocations were made based on the number of Aid to Families with Dependent Children (AFDC) recipients and unemployment rates.

Montana received a \$3.2 million grant for federal fiscal 1999 and funding has been approved for federal fiscal years 2000 and 2001. The grant requires a \$1 state soft match for every \$2 federal funds. The state has three years from the date funds are allocated to spend Welfare-to-Work funds and the match. For fiscal 1999, existing expenditures making up the \$1.6 million state match are: 1) State Board of Investment loans, \$250,000; 2) TANF Maintenance of Effort (MOE), \$600,000; 3) Office of Public Instruction Adult Basic Education classes, \$80,000; 4) Displaced Homemaker program, \$60,000; 5) Jobs for Montana's Graduates, \$76,000; 6) ESA funds, \$400,000; and 7) soft match from communities, \$200,000. The department has not specifically identified all of the state match in the 2001 biennium. Also, the legislature included language specifying that the program was not to be supported with state funds if federal support is reduced or eliminated.

DP 103 - Funding for Apprenticeship Program - The legislature approved \$280,000 general fund over the biennium for the apprenticeship training program to provide grants to help off-set costs for correspondence courses and apprentice instructor costs. This request was part of the Governor's “Jobs and Income” proposal.

From 1990 to 1998, apprenticeship training has been funded with ESA funds. The 1995 legislature appropriated an additional \$190,000 from ESA funds for program growth. The 1997 legislature, by approving HB 281, directed that special revenue from various plumbing, electrical, and building fees in the Department of Commerce fund this program in the 1999 biennium.

DP 104 - One-Stop Workforce Center System - The legislature approved \$2.7 million federal authority for a One-Stop Workforce Center System Implementation Plan grant. Funds would provide statewide oversight, program direction, and technical assistance. The specific tasks include: 1) coordinating workforce development efforts by providing for statewide planning and policy development; 2) providing direction concerning areas of overlap or dispute in program

operations; 3) working with state agencies, at the state and local level, to provide leadership in promoting the work force development system; and 4) providing technical assistance and advice to Montana Job Training Partnership, Inc., the service delivery area councils, and others.

The universal goal of the program is to provide all customers, individuals, and employers access to a broad array of services from a comprehensive collection of employment and training options, including information regarding both public and private service providers.

This grant is 100 percent federal funds and does not require state match. Language was included in HB 2 specifying that no state funds would be used for this function.

DP 106 - SB 117 - Workers' Compensation Assessment - SB 117 is an act revising certain laws within the workers' compensation act. Prior to the passage of SB 117, a \$1.6 million deficit was projected for the biennium in the workers' compensation account. This bill changed the assessment rate from 2.6 percent to 3.0 percent, which will increase revenues by approximately \$1.6 million. The legislature appropriated \$1.6 million state special revenue authority for the biennium to the department. The Job Service Division was appropriated \$34,587 of the \$1.6 million.

Language

"All anticipated revenue from the workers' compensation assessment of 2.6% is included in items 1, 3, 4, and 6 [Job Service Division, Legal/Centralized Services Division, Employment Relations Division, and Workers' Compensation Court]. If the 2.6% cap on the workers' compensation assessment is not removed, the department may redistribute the workers' compensation regulation revenue among all divisions to allocate corresponding personal services reductions, except that the Workers' Compensation Court appropriation may not be changed."

"Items 1 through 4 [Job Service Division, Unemployment Insurance Division, Legal/Centralized Services Division, and Employment Relations Division] include employment security account funds. Item 4 [Employment Relations Division] is contingent upon passage and approval of HB 282. HB 282 increases the amount allocated to the Employment Security Account by \$404,000 in fiscal year 2000 and \$596,000 in fiscal year 2001. The increase has been added to item 4 [Employment Relations Division]. However, the agency may distribute the increase throughout the programs as necessary."

"Excluding the state match, it is the legislature's intent that the welfare-to-work program not be supported with state funds if the federal government reduces or terminates its support."

"The department may not use general fund money to support the one-stop workforce center system or the unemployment insurance telephone claims center."

Proprietary Rates

Program Description

Montana Career Information System (06051)

The Montana Career Information System (MCIS) has been active in Montana since 1980. The purpose of MCIS is to deliver current career and labor market information to Montanans in an easy-to-use, easy-to-understand format. This is the only career information delivery system in the country that has specific Montana labor market information included in each file. MCIS is currently being used at over 200 sites throughout the state by a wide variety of users: job service offices, vocational rehabilitation offices, high schools, community colleges, universities, tribal colleges, education and training agencies, and adult education programs.

Rate Explanation

The Montana Career Information System (MCIS) is funded by user fees not to exceed \$1,500 per site. Discounted rates are available for small schools and groups.

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 1998 | PL Base Adjustment Fiscal 2000 | New Proposals Fiscal 2000 | Total Leg. Budget Fiscal 2000 | PL Base Adjustment Fiscal 2001 | New Proposals Fiscal 2001 | Total Leg. Budget Fiscal 2001 | Total Leg. Budget Fiscal 00-01 |
| FTE | 104.50 | .00 | 1.00 | 105.50 | .00 | 1.00 | 105.50 | 105.50 |
| Personal Services | 3,527,486 | 119,872 | 29,603 | 3,676,961 | 102,915 | 29,401 | 3,659,802 | 7,336,763 |
| Operating Expenses | 1,784,266 | (251,619) | 5,357 | 1,538,004 | (242,984) | 5,357 | 1,546,639 | 3,084,643 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benefits & Claims | 1,736 | 0 | 0 | 1,736 | 0 | 0 | 1,736 | 3,472 |
| Debt Service | 4,591 | 434,383 | 0 | 438,974 | 431,805 | 0 | 436,396 | 875,370 |
| Total Costs | \$5,318,079 | \$302,636 | \$34,960 | \$5,655,675 | \$291,736 | \$34,758 | \$5,644,573 | \$11,300,248 |
| General Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State/Other Special | 318,413 | (36,353) | 0 | 282,060 | (36,765) | 0 | 281,648 | 563,708 |
| Federal Special | 4,999,666 | (95,394) | 34,960 | 4,939,232 | (103,304) | 34,758 | 4,931,120 | 9,870,352 |
| Capital Projects | 0 | 434,383 | 0 | 434,383 | 431,805 | 0 | 431,805 | 866,188 |
| Total Funds | \$5,318,079 | \$302,636 | \$34,960 | \$5,655,675 | \$291,736 | \$34,758 | \$5,644,573 | \$11,300,248 |

Program Description

The Unemployment Insurance (UI) Division administers the state unemployment insurance law and related federal programs, which provide temporary, partial wage replacement to involuntary unemployed individuals. The UI Division is organized into three bureaus: UI Benefits, UI Program Support, and UI Phone Claims. The UI Contributions Bureau was reorganized by the 1997 legislature under HB 561, which delegated UI tax collection activity to the Department of Revenue. The UI Benefits Bureau receives, processes, and pays UI benefit claims and adjudicates disputed benefit claims. The UI Program Support Bureau manages the Benefit Automated Rewrite System (BeAR), the UI insurance, and benefit accounting and payment system. The UI Phone Claims Bureau has two phone centers (Billings and Helena) for claimants to file unemployment claims, and for employers to make UI related inquiries.

Funding

The UI Division is funded with state special revenues, including ESA and Department of Labor Information Exchange funds, and federal funds, which are primarily Labor and Industry funds. Capital project bond repayments are funded with federal grants.

| Present Law Adjustments | | | | | | |
|-------------------------------|------------------------------------|--------------------|--------------------------------|-------------------------------|--------------------|--------------------------------|
| Present Law Description | | Fiscal 2000 FTE | Fiscal 2000 General Fund | Fiscal 2000 Total Funds | Fiscal 2001 FTE | Fiscal 2001 General Fund |
| Statewide Present Law | | | | | | |
| Personal Services | | | | 21,026 | | 4,748 |
| Inflation/Deflation | | | | (12,117) | | (9,991) |
| Fixed Costs | | | | 112,389 | | 118,940 |
| Total Statewide Adjustments | | | | \$121,298 | | \$113,697 |
| Present Law Adjustments | | | | | | |
| 30 | Rate Reduction | .00 | 0 | (8,795) | .00 | 0 |
| 201 | UI Increased Workload & Collection | .00 | 0 | 98,846 | .00 | 0 |
| 202 | Telephone Claims Annualization | .00 | 0 | 91,287 | .00 | 0 |
| Total PL Adjustments | | .00 | \$0 | \$181,338 | .00 | \$0 |
| Present Law Adjustments Total | | | | \$302,636 | | \$291,736 |

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 30 - Rate Reduction - The legislature reduced rental rates and ISD data network service rates.

DP 201 - UI Increased Workload & Collection - As a condition of receiving federal unemployment insurance grants, state law must provide for "methods of administration" to assure the proper and prompt delivery of UI services to claimants and employers. The legislature approved one-time-only federal funds of \$197,013 (including personal service funds), but did not approve the 3.0 FTE associated with this request.

DP 202 - Telephone Claims Annualization - The legislature approved as one-time-only \$179,996 additional funds to annualize operating costs from the nine months of expenditures in the base to twelve months. This increase would be funded with federal UI grants. In addition, the division would transfer ongoing costs for the unemployment insurance system maintenance and enhancement from contract services to debt service that would be funded with federal UI grants.

| New Proposals | | | | | | |
|--|--------------------|--------------------------------|-------------------------------|--------------------|--------------------------------|-------------------------------|
| Description | Fiscal 2000 FTE | Fiscal 2000 General Fund | Fiscal 2000 Total Funds | Fiscal 2001 FTE | Fiscal 2001 General Fund | Fiscal 2001 Total Funds |
| 201 Adjudication-Claims Examiner 1.00 F | 1.00 | 0 | 34,960 | 1.00 | 0 | 34,758 |
| Total New Proposals | 1.00 | \$0 | \$34,960 | 1.00 | \$0 | \$34,758 |

New Proposals

DP 201 - Adjudication-Claims Examiner 1.00 FTE - The legislature approved 1.00 FTE in the Unemployment Insurance Benefits Bureau, totaling \$69,718 federal funds for the biennium. The position would issue claim determinations, which must meet federal turnaround standards.

Language

"The department may not use general fund money to support the one-stop workforce center system or the unemployment insurance telephone claims center."

"Items 1 through 4 [Job Service Division, Unemployment Insurance Division, Legal/Centralized Services Division, and Employment Relations Division] include employment security account funds. Item 4 [Employment Relations Division] is contingent upon passage and approval of HB 282. HB 282 increases the amount allocated to the Employment Security Account by \$404,000 in fiscal year 2000 and \$596,000 in fiscal year 2001. The increase has been added to item 4 [Employment Relations Division]. However, the agency may distribute the increase throughout the programs as necessary."

"Item 2 [UI Division] includes capital project funds of \$434,383 in fiscal year 2000 and \$431,805 in fiscal year 2001 and a decrease in federal funds of \$343,096 in fiscal year 2000 and \$343,096 in fiscal year 2001 for telephone claims annualization. This appropriation is one-time only."

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 1998 | PL Base Adjustment Fiscal 2000 | New Proposals Fiscal 2000 | Total Leg. Budget Fiscal 2000 | PL Base Adjustment Fiscal 2001 | New Proposals Fiscal 2001 | Total Leg. Budget Fiscal 2001 | Total Leg. Budget Fiscal 00-01 |
| FTE | 24.05 | .35 | .00 | 24.40 | .35 | .00 | 24.40 | 24.40 |
| Personal Services | 968,274 | (48,083) | 111,582 | 1,031,773 | (42,229) | 99,674 | 1,025,719 | 2,057,492 |
| Operating Expenses | 344,003 | 82,465 | 0 | 426,468 | 84,336 | 0 | 428,339 | 854,807 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$1,312,277 | \$34,382 | \$111,582 | \$1,458,241 | \$42,107 | \$99,674 | \$1,454,058 | \$2,912,299 |
| General Fund | 105,973 | 47,203 | 0 | 153,176 | 46,740 | 0 | 152,713 | 305,889 |
| State/Other Special | 652,309 | (57,509) | 175,182 | 769,982 | (47,679) | 163,077 | 767,707 | 1,537,689 |
| Federal Special | 458,279 | 38,447 | 0 | 496,726 | 37,107 | 0 | 495,386 | 992,112 |
| Proprietary | 95,716 | 6,241 | (63,600) | 38,357 | 5,939 | (63,403) | 38,252 | 76,609 |
| Total Funds | \$1,312,277 | \$34,382 | \$111,582 | \$1,458,241 | \$42,107 | \$99,674 | \$1,454,058 | \$2,912,299 |

Program Description

The Commissioner's Office and the Legal and Centralized Services Division provide program direction, legal, administration, and support services to the department. Legal and Centralized Services provides the central support functions of the department through six bureaus: 1) accounting; 2) information services; 3) budget; 4) personnel and training; 5) hearings; and 6) legal services. Administratively attached is the three-member Board of Labor Appeals, which hears appeals concerning the administration of Montana unemployment insurance laws and employer/employee relationships.

Funding

The division's legal services and administrative services are funded with general fund, state special revenue from the Employment Security Act (ESA) and Workers' Compensation Administration (WC), federal labor and industry funds, proprietary funds from the Uninsured Employer fund, and non-appropriated proprietary funds from the department's cost allocation plan. General fund pays expenditures for the Human Rights Bureau.

Total division expenditures are budgeted 41 percent within HB 2 with the remainder non-budgeted proprietary funds for the division's cost allocation plan. Rates charged for services must be agreed upon by the federal Department of Labor and are anticipated to be as much as 9.6 percent in fiscal 2000 and 8.9 percent in fiscal 2001 of actual personal service costs. The proprietary amount is discussed later in the program.

| Present Law Adjustments | | | | | | | |
|-------------------------------|-------------------------------------|--------------------|--------------------------------|-------------------------------|--------------------|--------------------------------|-------------------------------|
| Present Law Description | | Fiscal 2000 FTE | Fiscal 2000 General Fund | Fiscal 2000 Total Funds | Fiscal 2001 FTE | Fiscal 2001 General Fund | Fiscal 2001 Total Funds |
| Statewide Present Law | | | | | | | |
| Personal Services | | | | 47,077 | | | 41,069 |
| Inflation/Deflation | | | | 1,809 | | | 1,641 |
| Fixed Costs | | | | 8,446 | | | 10,485 |
| Total Statewide Adjustments | | | | \$57,332 | | | \$53,195 |
| Present Law Adjustments | | | | | | | |
| 302 | Human Rights Present Law Adjustment | .00 | 21,848 | 0 | .00 | 21,848 | 0 |
| 303 | L/CSD Operating Adjustment | .00 | 0 | 13,210 | .00 | 0 | 13,210 |
| 304 | L/CSD Automation Adjustments | .00 | 0 | 59,000 | .00 | 0 | 59,000 |
| 305 | Legal/hearing Partial FTE | .35 | 0 | 9,372 | .35 | 0 | 9,326 |
| 306 | WC Funding Shortfall - Vacancy Svgs | .00 | 0 | (111,582) | .00 | 0 | (99,674) |
| 307 | Per Diem Request for BOLA | .00 | 0 | 7,050 | .00 | 0 | 7,050 |
| Total PL Adjustments | | .35 | \$21,848 | (\$22,950) | .35 | \$21,848 | (\$11,088) |
| Present Law Adjustments Total | | | | \$34,382 | | | \$42,107 |

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 302 - Human Rights Present Law Adjustment - The legislature approved \$43,696 general fund as one-time only for the biennium. This present law adjustment provides that a portion of departmental administrative costs be paid with general fund for the Human Rights Bureau.

DP 303 - L/CSD Operating Adjustment - The legislature approved \$26,420 for the biennium funded with \$5,332 from both ESA and WC funds, federal funds, and cost allocation plan for travel for legal and hearing staff to attend a training conference sponsored by the National Judicial College and a national conference in the area of unemployment insurance and workers' compensation.

DP 304 - L/CSD Automation Adjustments - The legislature approved \$118,000 for the biennium funded with \$35,000 ESA, \$30,680 WC funds, and the remainder from Unemployment Insurance Fund, federal funds, and the cost allocation plan. The funds will be used for a legal research service and development of a case tracking system.

DP 305 - Legal/Hearing Partial FTE - The legislature approved \$18,698 for the biennium funded from ESA and WC funds for a 0.35 FTE. An FTE will be increased from part-time to full time, as the department has been unsuccessful in filling the position at the part-time salary.

DP 306 - Workers' Compensation Funding Shortfall - Vacancy Savings - Legal and Central Services Division's allocated share of proposed vacancy savings to offset the shortfall in funding for the Workers' Compensation Administrative fund is \$211,256 in personal services for the biennium. New proposal 305 offsets this reduction (for more information, see "Summary of Legislative Action").

DP 307 - Per Diem Request for BOLA - The legislature approved \$14,100 federal funds for the biennium for Board of Labor Appeals (BOLA) per diem costs. The board meets monthly to hear appeals of unemployment insurance cases and each board member is entitled to per diem of \$50 each day while engaged in board duties. This request for federal unemployment insurance funds provides 141 per diem days for members of the board.

| New Proposals | | Fiscal 2000 | Fiscal 2000 | Fiscal 2000 | Fiscal 2001 | Fiscal 2001 | Fiscal 2001 |
|---------------------|------------------------------------|-------------|--------------|-------------|-------------|--------------|-------------|
| Description | | FTE | General Fund | Total Funds | FTE | General Fund | Total Funds |
| 301 | Funding Shift UEF Admin Acct-Legal | .00 | 0 | 0 | .00 | 0 | 0 |
| 305 | SB 117 - Workers' Comp. Assess. | .00 | 0 | 111,582 | .00 | 0 | 99,674 |
| Total New Proposals | | .00 | \$0 | \$111,582 | .00 | \$0 | \$99,674 |

New Proposals

DP 301 - Funding Shift UEF Admin Acct-Legal - The legislature approved the division's recommendation to change the Uninsured Employer Fund Administration account from proprietary to state special revenue. There is no fiscal impact of this new proposal.

DP 305 - SB 117 - Workers' Compensation Assessment - SB 117 is an act revising certain laws within the Workers' Compensation Act. Prior to the passage of SB 117, a \$1.6 million deficit was projected for the biennium in the workers' compensation account. This bill changed the assessment rate from 2.6 percent to 3.0 percent, which will increase revenues by approximately \$1.6 million. The legislature appropriated \$1.6 million state special revenue authority for the biennium to the department. The Centralized Services Division was appropriated \$211,256 of the \$1.6 million.

Language

"All anticipated revenue from the workers' compensation assessment of 2.6% is included in items 1, 3, 4, and 6 [Job Service Division, Legal/Centralized Services Division, Employment Relations Division, and Workers' Compensation Court]. If the 2.6% cap on the workers' compensation assessment is not removed, the department may redistribute the workers' compensation regulation revenue among all divisions to allocate corresponding personal services reductions, except that the Workers' Compensation Court appropriation may not be changed."

"It is the legislature's intent that the centralized services functions of the department be provided to the department's programs and that the rates charged for these functions be the rates agreed upon by the United States Department of Labor federal cost negotiator. The applied rate for fiscal year 2000 may not exceed 9.6% of a program's actual personal services costs incurred in that fiscal year and in fiscal year 2001 may not exceed 8.9% of a program's actual personal services costs incurred in that fiscal year."

"It is the legislature's intent that the input/output control operations functions continue to provide the services to department users. The charge an hour to the users may be no more than \$50 an hour for the 2001 biennium. This rate must be analyzed throughout the biennium, and particular consideration must be given to the time spent providing this function to the customers and to the cash balance of the fund."

"Items 1 through 4 [Job Service Division, Unemployment Insurance Division, Legal/Centralized Services Division, and Employment Relations Division] include employment security account funds. Item 4 [Employment Relations Division] is contingent upon passage and approval of HB 282. HB 282 increases the amount allocated to the Employment Security Account by \$404,000 in fiscal year 2000 and \$596,000 in fiscal year 2001. The increase has been added to item 4 [Employment Relations Division]. However, the agency may distribute the increase throughout the programs as necessary."

"Item 3 [Commissioner's Office/Centralized Services Division] includes \$21,848 in general fund money, a reduction of \$11,132 in state special revenue funds, a reduction of \$8,185 in federal funds, and a reduction of \$2,531 in proprietary funds in both fiscal year 2000 and fiscal year 2001 for a one-time only human rights cost allocation adjustment."

Proprietary Rates**Program Description**

Cost Allocation Plan (CAP) -- The Commissioner's Office and the Legal/Centralized Services Division are funded through a cost allocation plan under which the various other divisions in the agency are assessed a percentage of their personal services cost to support centralized functions. The services provided through this accounting entity are administration, accounting, purchasing, budgeting, personnel, training, mail distribution, and information services.

Input/Output Control Operations Functions -- The Legal/Centralized Services Division recovers costs of a unit called the Input/Output control Operations Function, which provides traffic control of data input, jobs for the mainframe computer system, and report output.

Rate Explanation

Cost Allocation Plan (CAP) -- It is the intent of the legislature that the rates charged for these functions be the rates agreed upon by the United States Department of Labor federal cost negotiator. It is anticipated that the assessment will be as much as 9.6 percent and 8.9 percent of a program's actual personal services costs incurred in fiscal 2000 and fiscal 2001.

Input/Output Control Operations Functions -- Internal users are directly charged for the services received and are billed quarterly.

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 1998 | PL Base Adjustment Fiscal 2000 | New Proposals Fiscal 2000 | Total Leg. Budget Fiscal 2000 | PL Base Adjustment Fiscal 2001 | New Proposals Fiscal 2001 | Total Leg. Budget Fiscal 2001 | Total Leg. Budget Fiscal 00-01 |
| FTE | 107.61 | 4.00 | 3.64 | 115.25 | 4.00 | 3.64 | 115.25 | 115.25 |
| Personal Services | 3,411,353 | (220,103) | 1,289,153 | 4,480,403 | (62,289) | 1,303,383 | 4,652,447 | 9,132,850 |
| Operating Expenses | 1,807,827 | 131,032 | 92,929 | 2,031,788 | 131,028 | 97,299 | 2,036,154 | 4,067,942 |
| Equipment | 90,036 | 0 | 0 | 90,036 | 0 | 0 | 90,036 | 180,072 |
| Benefits & Claims | 323,904 | 200,000 | 0 | 523,904 | 200,000 | 0 | 523,904 | 1,047,808 |
| Debt Service | 900 | 0 | 0 | 900 | 0 | 0 | 900 | 1,800 |
| Total Costs | \$5,634,020 | \$110,929 | \$1,382,082 | \$7,127,031 | \$268,739 | \$1,400,682 | \$7,303,441 | \$14,430,472 |
| General Fund | 577,151 | 256,330 | 64,300 | 897,781 | 254,966 | 64,300 | 896,417 | 1,794,198 |
| State/Other Special | 3,957,434 | (275,310) | 2,118,752 | 5,800,876 | (111,820) | 2,134,718 | 5,980,332 | 11,781,208 |
| Federal Special | 429,411 | 56,890 | (57,927) | 428,374 | 54,968 | (57,687) | 426,692 | 855,066 |
| Proprietary | 670,024 | 73,019 | (743,043) | 0 | 70,625 | (740,649) | 0 | 0 |
| Total Funds | \$5,634,020 | \$110,929 | \$1,382,082 | \$7,127,031 | \$268,739 | \$1,400,682 | \$7,303,441 | \$14,430,472 |

Program Description

The Employment Relations Division (ERD) consists of:

1) Workers' Compensation (WC) Regulation, which regulates WC insurance coverage requirements, policy compliance, medical regulations, and cost containment, and WC Claims Assistance Bureau, which assists organizations and individuals to arrive at early, less expensive settlements of their disputes; 2) Labor Standards Bureau, which enforces state and federal labor laws related to the payment of wages, and provides collective bargaining mediation; 3) Safety Bureau, which administers federal and state industrial safety laws; 4) Human Rights Bureau, which enforces Montana Human rights Act and Governmental Code of Fair Practices through investigations, conciliation, hearings, and education and is responsible for enforcing laws, which prohibit discrimination in employment, housing, public accommodations, financing and credit transactions, insurance, education, and government services; 5) Contractor Registration and Independent Contractor Exemption programs, which register contractors; and 6) Board of Personnel Appeals, which deals with issues related to wage and hour, and collective bargaining disputes between employers and employees and is administratively attached.

Funding

The Employment Relations Division is funded with state special revenues from the Workers' Compensation Administrative Fund, Employment Security Act (ESA), and fees paid for the Independent Contractor Exemption and Contractor's Registration programs. Funds from the subsequent injury and the uninsured employers' fund totally support benefits to these injured workers, as well as providing partial funding support for administrative functions. General fund supports a portion of the Human Rights Bureau and the Silicosis and Social Security Benefits program. Federal support is derived from coal mine safety, on-site consultation, Unemployment Insurance grant funds, and Equal Employment Opportunity funds.

| Present Law Adjustments | | Fiscal 2000 | Fiscal 2000 | Fiscal 2000 | Fiscal 2001 | Fiscal 2001 | Fiscal 2001 |
|-------------------------------|-------------------------------------|-------------|--------------|-------------|-------------|--------------|-------------|
| Present Law Description | | FTE | General Fund | Total Funds | FTE | General Fund | Total Funds |
| Statewide Present Law | | | | | | | |
| Personal Services | | | | 427,282 | | | 408,931 |
| Inflation/Deflation | | | | 10,913 | | | 9,677 |
| Fixed Costs | | | | 68,087 | | | 68,441 |
| Total Statewide Adjustments | | | | \$506,282 | | | \$487,049 |
| Present Law Adjustments | | | | | | | |
| 30 | Rate Reduction | .00 | 0 | (4,680) | .00 | 0 | (4,680) |
| 401 | Restore HRB One-Time-Only FTE | 3.00 | 106,928 | 131,928 | 3.00 | 106,946 | 131,946 |
| 402 | Human Rights Present Law Adjustment | .00 | 65,852 | 0 | .00 | 65,852 | 0 |
| 404 | IARA Present Law Adj | .00 | 0 | 200,000 | .00 | 0 | 200,000 |
| 405 | Montana Health Act | 1.00 | 49,416 | 49,416 | 1.00 | 49,424 | 49,424 |
| 406 | Per Diem Request | .00 | 6,000 | 11,500 | .00 | 6,000 | 11,500 |
| 410 | WC Funding Shortfall - Vacancy Svgs | .00 | 0 | (783,517) | .00 | 0 | (606,500) |
| 411 | Combine PBB RL into Labor Std Burea | .00 | 0 | 0 | .00 | 0 | 0 |
| Total PL Adjustments | | 4.00 | \$228,196 | (\$395,353) | 4.00 | \$228,222 | (\$218,310) |
| Present Law Adjustments Total | | | | \$110,929 | | | \$268,739 |

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 30 - Rate Reduction - The legislature reduced rental rates and ISD data network service rates.

DP 401 - Restore HRB One-Time-Only FTE - The legislature approved \$263,874, including \$213,874 general fund, for the biennium to restore 2.0 one-time-only FTE to permanent status. One FTE was kept as one-time-only so that in two years the legislature could evaluate the need based on the number of open cases.

In 1998, 14.5 FTE closed 406 old law and 254 new law cases. As of September 24, 1998, 393 cases remain open. In the past year, inquiries increased 10 percent but cases filed declined 42 percent.

DP 402 - Human Rights Present Law Adjustment - The legislature approved \$131,704 general fund as one-time only for the biennium to replace state special revenue, federal, and proprietary funds. This expenditure is for the Human Rights Bureau's portion of the department cost allocation plan.

DP 404 - IARA Present Law Adj - The legislature approved \$400,000 state special revenue biennial spending authority to fund Industrial Accident Rehabilitation Account (IARA) claims. The 1997 legislature moved responsibility for processing IARA claims with dates of injury prior to July 1, 1997, to ERD. At the time of the change, a reliable estimate of expenses was not available because, in 1995, the Supreme Court determined a claimant could receive IARA money without having to meet both rehabilitation services and workers' compensation requirements. With this change in eligibility requirements, more applicants are being approved. Claims totaling \$195,945 were approved as of April 3, 1998, plus \$75,000 in ongoing rehabilitation expenses. According to the department, expenditures could increase as claimants learn funds are available. However, future claims will decrease because the potential number of claimants is limited to those who were injured prior to July 1, 1997.

DP 405 - Montana Health Act - SB 21 transferred the responsibilities under the Occupational Health Act from the Department of Environmental Quality to the Department of Labor and Industry. The legislature approved the transfer of 1.0 FTE and \$98,840 general fund for the biennium from the Department of Environmental Quality to the ERD Safety

Bureau. The 1.0 FTE and general fund were not removed from the base of the Department of Environmental Quality.

DP 406 - Per Diem Request - The legislature approved \$23,000 for the biennium for per diem costs. Human Rights Commission per diem costs of \$6,000 each year will be provided by the general fund and the Board of Personnel Appeals per diem costs of \$5,500 will be funded by the Employment Security Account.

DP 410 – Workers’ Compensation Funding Shortfall - Vacancy Savings - A portion of the shortfall in funding for Workers' Compensation Administrative fund, \$1,390,017 in vacancy savings for the biennium, has been allocated to ERD. The legislature did not approve the vacancy savings that had been allocated to the Workers' Compensation Court for the Workers' Compensation Administrative fund shortfall. The court's allocation was reallocated to ERD. New proposal 410 offsets this reduction (for more information, see “Summary of Legislative Action”).

DP 411 - Combine PBB RL into Labor Standard Bureau - This adjustment only moves the Labor Standards Bureau from one reporting level to another within the division. There is no fiscal impact.

| New Proposals | | Fiscal 2000 | Fiscal 2000 | Fiscal 2000 | Fiscal 2001 | Fiscal 2001 | Fiscal 2001 |
|---------------------|-------------------------------------|-------------|--------------|-------------|-------------|--------------|-------------|
| Description | | FTE | General Fund | Total Funds | FTE | General Fund | Total Funds |
| 402 | UEF Benefit Fund Shift | .00 | 0 | 0 | .00 | 0 | 0 |
| 403 | UEF Admin Acct Fund Shift | .00 | 0 | 0 | .00 | 0 | 0 |
| 404 | Leased Vehicle Request | .00 | 0 | 33,048 | .00 | 0 | 37,413 |
| 406 | Human Rights Workload Shift | .00 | 62,300 | 0 | .00 | 62,300 | 0 |
| 407 | Contractor's Registration | 3.64 | 0 | 161,517 | 3.64 | 0 | 160,769 |
| 408 | HB 69--De-earmarking State Spec Rev | .00 | 2,000 | 0 | .00 | 2,000 | 0 |
| 409 | HB 282 - Reallocation to ESA | .00 | 0 | 404,000 | .00 | 0 | 596,000 |
| 410 | SB 117 - Workers' Comp. Assess. | .00 | 0 | 783,517 | .00 | 0 | 606,500 |
| Total New Proposals | | 3.64 | \$64,300 | \$1,382,082 | 3.64 | \$64,300 | \$1,400,682 |

New Proposals

DP 402 - UEF Benefit Fund Shift - An accounting review of the Uninsured Employer Fund Benefit account resulted in a recommendation to change this fund from proprietary to state special revenue fund type. The legislature approved this change. This new proposal has no fiscal impact.

DP 403 - UEF Admin Acct Fund Shift - An accounting review of the Uninsured Employer Fund Administrative account resulted in a recommendation to change this fund from proprietary to the state special revenue fund type. The legislature approved this change. This new proposal has no fiscal impact.

DP 404 - Leased Vehicle Request - The legislature approved \$70,461 for the biennium to lease 11 vehicles from Department of Transportation instead of paying field personnel to use their personal vehicles. Biennial lease costs total \$94,605 with an offset in personal car mileage of \$24,144. Funding is \$33,239 from Workers Compensation Administration funds and the remainder from federal funds.

DP 406 - Human Rights Workload Shift - The legislature approved \$124,600 general fund for the biennium to replace lost Housing and Urban Development (HUD) equivalency funds. Equivalency was lost as a result of the changes associated with SB 350, passed by the 1997 legislature. The department has stated it will be able to continue completing all cases within the strict time frames and procedural requirements established by state law.

DP 407 - Contractor's Registration - Appropriation for the Contractor Registration program in the 1999 biennium was per Section 15 of HB 252, as approved by the 1997 legislature. After review, it was determined that it was legislative intent for the expenditures to be included with the agency base budget and a separate reporting level was created. However, the reporting center was identified as a biennial language appropriation, so budget amounts were not included in the base in the Executive Budget under HB 2. The 1999 legislature approved removing the language appropriation and including the Contractor Registration program in HB 2.

DP 408 - HB 69 - De-earmarking State Special Revenue - Because of the de-earmarking of prevailing wage penalties by HB 69, \$4,000 state special revenue for the biennium has been replaced with the same amount of general fund.

DP 409 - HB 282 - Reallocation to ESA - The legislature approved \$1.0 million in state special revenue authority for the biennium as HB 282 will increase the amount allocated to the employment security account. A \$1.0 million deficit was projected in this account, prior to the passage of HB 282. The department may distribute the increase throughout divisions as necessary.

DP 410 - SB 117 - Workers' Compensation Assessment - SB 117 is an act revising certain laws within the Workers' Compensation Act. Prior to the passage of SB 117, a \$1.6 million deficit was projected for the biennium in the workers' compensation account. This bill changed the assessment rate from 2.6 percent to 3.0 percent, which will increase revenues by approximately \$1.6 million. The legislature appropriated \$1.6 million state special revenue authority for the biennium to the department. Approximately \$1.4 million of the \$1.6 million was appropriated to the Employment Relations Division.

Language

"All anticipated revenue from the workers' compensation assessment of 2.6% is included in items 1, 3, 4, and 6 [Job Service Division, Legal/Centralized Services Division, Employment Relations Division, and Workers' Compensation Court]. If the 2.6% cap on the workers' compensation assessment is not removed, the department may redistribute the workers' compensation regulation revenue among all divisions to allocate corresponding personal services reductions, except that the Workers' Compensation Court appropriation may not be changed."

"Items 1 through 4 [Job Service Division, Unemployment Insurance Division, Legal/Centralized Services Division, and Employment Relations Division] include employment security account funds. Item 4 [Employment Relations Division] is contingent upon passage and approval of HB 282. HB 282 increases the amount allocated to the Employment Security Account by \$404,000 in fiscal year 2000 and \$596,000 in fiscal year 2001. The increase has been added to item 4 [Employment Relations Division]. However, the agency may distribute the increase throughout the programs as necessary."

"Item 4 [Employment Relations Division] includes \$65,852 in general fund money, a reduction of \$57,292 in state special revenue, a reduction of \$1,976 in federal funds, and a reduction of \$6,584 in proprietary funds in both fiscal year 2000 and fiscal year 2001 for a one-time only human rights cost allocation adjustment."

Item 4 [Employment Relations Division] includes \$62,300 in general fund money and a reduction of \$62,300 in federal funds in fiscal year 2000 and fiscal year 2001 for a one-time only general fund replacement of lost federal funds."

"Because of the de-earmarking of prevailing wage penalties by HB 69, item 4 [Employment Relations Division] has been reduced by \$2,000 in state special revenue funds in fiscal year 2000 and by \$2,000 in state special revenue funds in fiscal year 2001 and general fund amounts have been increased by the same amounts. If HB 69 is not passed an approved in a form that de-earmarks the state special revenue funds, then the general fund amounts in item 4 [Employment Relations Division] are reduced by \$2,000 in fiscal year 2000 and by \$2,000 in fiscal year 2001 and the state special revenue amounts are increased by the same amount."

Note – HB 69 was passed and approved.

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 1998 | PL Base Adjustment Fiscal 2000 | New Proposals Fiscal 2000 | Total Leg. Budget Fiscal 2000 | PL Base Adjustment Fiscal 2001 | New Proposals Fiscal 2001 | Total Leg. Budget Fiscal 2001 | Total Leg. Budget Fiscal 00-01 |
| FTE | 2.50 | .50 | .00 | 3.00 | .50 | .00 | 3.00 | 3.00 |
| Personal Services | 108,442 | (6,968) | 0 | 101,474 | (7,670) | 0 | 100,772 | 202,246 |
| Operating Expenses | 131,234 | 2,224 | 0 | 133,458 | 2,274 | 0 | 133,508 | 266,966 |
| Grants | 1,319,319 | 135,360 | 261,245 | 1,715,924 | 175,331 | 261,245 | 1,755,895 | 3,471,819 |
| Total Costs | \$1,558,995 | \$130,616 | \$261,245 | \$1,950,856 | \$169,935 | \$261,245 | \$1,990,175 | \$3,941,031 |
| General Fund | 16,454 | 8,441 | 0 | 24,895 | 8,440 | 0 | 24,894 | 49,789 |
| State/Other Special | 43,741 | (38,741) | 0 | 5,000 | (38,741) | 0 | 5,000 | 10,000 |
| Federal Special | 1,498,800 | 160,916 | 261,245 | 1,920,961 | 200,236 | 261,245 | 1,960,281 | 3,881,242 |
| Total Funds | \$1,558,995 | \$130,616 | \$261,245 | \$1,950,856 | \$169,935 | \$261,245 | \$1,990,175 | \$3,941,031 |

Program Description

Montana Community Services provides administration of federal Corporation for National Service programs (AmeriCorps and Campus Corps), community service, and volunteer efforts statewide, including the Volunteer Montana program.

Program Reorganization

Effective July 1997, Montana Community Services was moved to a separate division. Previously, this function was part of the Job Service Division.

Funding

Federal funds provide 98 percent of the funding for the Montana Community Services Program with the remainder from general fund and state special revenues.

| Present Law Adjustments | | Fiscal 2000 | Fiscal 2000 | Fiscal 2000 | Fiscal 2001 | Fiscal 2001 | Fiscal 2001 |
|-------------------------------|------------------------------------|-------------|--------------|-------------|-------------|--------------|-------------|
| Present Law Description | | FTE | General Fund | Total Funds | FTE | General Fund | Total Funds |
| Statewide Present Law | | | | | | | |
| Personal Services | | | | (20,652) | | | (21,249) |
| Inflation/Deflation | | | | 541 | | | 479 |
| Fixed Costs | | | | 1,851 | | | 1,964 |
| Total Statewide Adjustments | | | | (\$18,260) | | | (\$18,806) |
| Present Law Adjustments | | | | | | | |
| 30 | Rate Reduction | .00 | 0 | (168) | .00 | 0 | (169) |
| 701 | MCS Additnl .50 FTE | .50 | 0 | 13,684 | .50 | 0 | 13,579 |
| 703 | MCS Continuing Grant Addtl Funding | .00 | 0 | 135,360 | .00 | 0 | 175,331 |
| Total PL Adjustments | | .50 | \$0 | \$148,876 | .50 | \$0 | \$188,741 |
| Present Law Adjustments Total | | | | \$130,616 | | | \$169,935 |

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 30 - Rate Reduction - The legislature reduced rental rates and ISD data network service rates.

DP 701 - MCS Additional .50 FTE - The legislature approved \$27,263 federal funds for the biennium to increase a 0.5 FTE to 1.0 FTE. The position was appropriated for half-time but the employee worked full-time. This position works

primarily with AmeriCorps, Campus Corps, and Volunteer Montana programs.

DP 703 - MCS Continuing Grant Additional Funding - The legislature approved increased federal spending authority of \$310,691 for the biennium for the ongoing Campus Corps, Conservation Corps, and Volunteer Montana programs.

| New Proposals | | Fiscal 2000 | Fiscal 2000 | Fiscal 2000 | Fiscal 2001 | Fiscal 2001 | Fiscal 2001 |
|---------------------|------------------------------|-------------|--------------|-------------|-------------|--------------|-------------|
| Description | | FTE | General Fund | Total Funds | FTE | General Fund | Total Funds |
| 701 | MCS New Federal Grant Source | .00 | 0 | 261,245 | .00 | 0 | 261,245 |
| Total New Proposals | | .00 | \$0 | \$261,245 | .00 | \$0 | \$261,245 |

New Proposals

DP 701 - MCS New Federal Grant Source - Montana Community Services received a federal grant for AmeriCorps America Reads through Campus Compact administered through University of Montana. The legislature approved federal spending authority for \$261,245 each year of the biennium.

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|-------------------------------|--------------------------------|---------------------------|-------------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 1998 | PL Base Adjustment Fiscal 2000 | New Proposals Fiscal 2000 | Total Leg. Budget Fiscal 2000 | PL Base Adjustment Fiscal 2001 | New Proposals Fiscal 2001 | Total Leg. Budget Fiscal 2001 | Total Leg. Budget Fiscal 00-01 |
| FTE | 6.00 | .00 | .00 | 6.00 | .00 | .00 | 6.00 | 6.00 |
| Personal Services | 277,242 | 38,117 | 0 | 315,359 | 2,815 | 0 | 280,057 | 595,416 |
| Operating Expenses | 99,576 | 8,541 | 0 | 108,117 | 9,191 | 0 | 108,767 | 216,884 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$376,818 | \$46,658 | \$0 | \$423,476 | \$12,006 | \$0 | \$388,824 | \$812,300 |
| State/Other Special | 376,818 | 46,658 | 0 | 423,476 | 12,006 | 0 | 388,824 | 812,300 |
| Total Funds | \$376,818 | \$46,658 | \$0 | \$423,476 | \$12,006 | \$0 | \$388,824 | \$812,300 |

Program Description

The Workers' Compensation Court provides a forum for Montana employees and the insurance industry to resolve disputes arising from work-related injuries and occupational disease. The court is attached to the department for administrative purposes.

Funding

This program is funded entirely with state special revenue (Workers' Compensation Administrative Fund) from assessments on employers, insurers and the state fund. This fund was established to pay for workers' compensation regulation.

| Present Law Adjustments | | Fiscal 2000 | Fiscal 2000 | Fiscal 2000 | Fiscal 2001 | Fiscal 2001 | Fiscal 2001 |
|-------------------------------|-------------------------------|-------------|--------------|-------------|-------------|--------------|-------------|
| Present Law Description | | FTE | General Fund | Total Funds | FTE | General Fund | Total Funds |
| Statewide Present Law | | | | | | | |
| Personal Services | | | | 4,617 | | | 2,815 |
| Inflation/Deflation | | | | 651 | | | 589 |
| Fixed Costs | | | | 3,634 | | | 3,646 |
| Total Statewide Adjustments | | | | \$8,902 | | | \$7,050 |
| Present Law Adjustments | | | | | | | |
| 30 | Rate Reduction | .00 | 0 | (244) | .00 | 0 | (244) |
| 901 | WCC Increased Caseload PL Adj | .00 | 0 | 38,000 | .00 | 0 | 5,200 |
| Total PL Adjustments | | .00 | \$0 | \$37,756 | .00 | \$0 | \$4,956 |
| Present Law Adjustments Total | | | | \$46,658 | | | \$12,006 |

Present Law Adjustments

The table above shows the changes made by the legislature to the adjusted base budget. Statewide adjustments are standard categories of adjustments globally applied by the legislature to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 30 - Rate Reduction - The legislature reduced rental rates and ISD data network service rates.

DP 901 - WCC Increased Caseload PL Adj - In fiscal year 1998, the Workers' Compensation Court experienced a 56 percent increase in the number of trials (hearings/oral arguments, and conferences) and a 19 percent increase in the number of petitions. Increased caseloads have a corresponding effect on the communications, travel, and contractual services budget. The legislature approved \$9,700 for the increased workload for the biennium. In addition, the legislature approved a one-time-only appropriation for \$33,500 in fiscal 2000 for vacation and sick leave payouts in the event the judge is not reappointed and the hearings examiner retires.

Language

"All anticipated revenue from the workers' compensation assessment of 2.6% is included in items 1, 3, 4, and 6 [Job Service Division, Legal/Centralized Services Division, Employment Relations Division, and Workers' Compensation Court]. If the 2.6% cap on the workers' compensation assessment is not removed, the department may redistribute the workers' compensation regulation revenue among all divisions to allocate corresponding personal services reductions, except that the Workers' Compensation Court appropriation may not be changed."